

## **BILL ANALYSIS**

H.B. 984  
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Licensing & Administrative Procedures  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Currently, the Texas Alcoholic Beverage Code does not provide for a manufacturer pricing agreement that will state the amount a manufacturer will charge for an alcoholic beverage. Unfair pricing schemes by suppliers and distributors have the effect of eliminating competition in consumer market. These practices directly burden and obstruct commerce and may lead to many undesirable consequences.

HB 984 would require a manufacturer who sell alcoholic beverages to a wholesaler to file a price nondiscrimination agreement with the Texas Alcoholic Beverage Commission; sets forth the requirements of the price nondiscrimination agreement forms and provides penalties for violating the agreement. HB 984 also requires a manufacturer, before a manufacturer may change the price of an alcoholic beverage, to provide written notice of the price change to each wholesaler no later than the 45th day before the date the price change takes effect.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

HB 984 amends Chapter 102, Alcoholic Beverage Code by adding Sec. 102.011 to provide that this section governs pricing agreements between manufacturers and wholesalers, as the words "manufacturer" and "wholesaler" are ordinarily used and understood, regardless of the specific names given permits under Subtitle A, Title 3.

HB 984 requires a manufacturer who sells alcoholic beverages to a wholesaler in this state to file a price nondiscrimination agreement with the commission on a form prescribed by the commission that requires the manufacturer to sell the alcoholic beverage to each licensed wholesaler at the same price, including any discounts, without discrimination.

HB 984 requires the manufacturer, before a manufacturer may change the price of an alcoholic beverage, to provide written notice of the price change to each wholesaler no later than the 45th day before the date the price change takes effect.

HB 984 requires the administrator to notify, by registered mail, each wholesaler in this state of the violation and apply certain civil penalties against the manufacturer, if the manufacturer violates the agreement by refusing to sell an alcoholic beverage to a wholesaler in this state or discriminates in prices among wholesalers purchasing or attempting to purchase alcoholic beverages from the manufacturer.

HB 984 authorizes a manufacturer to ration the alcoholic beverage and apportion the available supply among wholesalers purchasing or attempting to purchase the alcoholic beverage in accordance with a plan approved by the commission, if a manufacturer does not have a sufficient supply of an alcoholic beverage to supply the demands of all wholesalers.

HB 984 requires the Texas Alcoholic Beverage Commission to adopt the price nondiscrimination agreement forms on or before November 1, 2007 and does not require a manufacturer to whom Section 102.011, Alcoholic Beverage Code, applies to file an agreement required by that section before January 1, 2008.

### **EFFECTIVE DATE**

September 1, 2007.

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